

Audit



Report

OFFICE OF THE INSPECTOR GENERAL

DEFENSE BASE REALIGNMENT AND CLOSURE
BUDGET DATA FOR THE RELOCATION OF THE
CARRIER AIR WINGS FROM NAVAL AIR STATION
MIRAMAR, CALIFORNIA, TO NAVAL AIR STATION
LEMOORE, CALIFORNIA

Report No. 97-071

January 15, 1997

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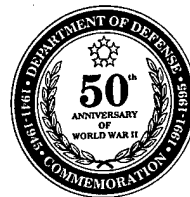
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Acronyms

BRAC	Base Realignment and Closure
MILCON	Military Construction
NAS	Naval Air Station



INSPECTOR GENERAL
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Report No. 97-071

January 15, 1997

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)
ASSISTANT SECRETARY OF THE NAVY (FINANCIAL
MANAGEMENT AND COMPTROLLER)

SUBJECT: Audit of Defense Base Realignment and Closure Budget Data for the Relocation of the Carrier Air Wings From Naval Air Station Miramar, California, to Naval Air Station Lemoore, California (Project No. 6CG-5001.51)

Introduction

We are providing this report for your information and use. The audit was required by Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991. Enclosure 1 provides details on the history of the Defense base realignment and closure (BRAC) process and on our auditing and reporting requirements.

This report is one in a series about FY 1997 BRAC military construction (MILCON) costs. The report provides the results of the audit of project P-186T, "Administrative Facility," for the construction of an administrative facility for three carrier air wings transferring from Naval Air Station (NAS) Miramar, California, to NAS Lemoore, California.

Audit Results

The Navy properly programmed requirements and estimated costs for the FY 1998 BRAC MILCON requirement of \$2.6 million for project P-186T in accordance with Navy criteria and public law. Project estimates were supported by adequate cost data and Navy analyses showed that suitable existing facilities were not available.

Audit Objectives

The overall audit objective was to determine the accuracy of BRAC MILCON budget data. The specific objectives were to determine whether the proposed project was a valid BRAC requirement, whether the decision for MILCON was supported with required documentation including an economic analysis, and whether the economic analysis considered existing facilities. The audit also assessed the adequacy of the management control program as it applied to the overall audit objective. The management control program will be discussed in a summary report on FY 1997 BRAC MILCON budget data.

*This project was changed to a FY 1998 project in June 1996.

Scope and Methodology

Scope of This Audit. We examined the FY 1998 BRAC MILCON budget request, economic analysis, and supporting documentation for space requirements for construction of an administrative facility regarding the relocation of three carrier air wings from NAS Miramar to NAS Lemoore. We did not use computer-processed data or statistical sampling procedures to conduct this audit. See Enclosure 1 for additional information on the overall scope of the audit of BRAC MILCON costs.

Audit Period, Standards, and Locations. This economy and efficiency audit was conducted in September 1996 in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD.

Prior Audits and Other Reviews

Three summary reports have been issued for the audits of BRAC budget data for FYs 1992 through 1996. These reports list individual projects. Since April 1996, numerous additional audit reports have been issued that address DoD BRAC budget data for FYs 1997 and 1998. Details on these reports are available upon request.

Organizations and Individuals Visited or contacted

Contacts During the Audit. We visited or contacted individuals and organizations within the DoD.

Audit Background

The 1993 Commission on Defense Base Realignment and Closure (the Commission) recommended relocating Marine Corps Air Station El Toro to NAS Miramar. Navy organizations at NAS Miramar would relocate primarily to NAS Lemoore, California, and NAS Fallon, Nevada. Project P-186T was developed and a DD Form 1391, was prepared in the amount of \$1.5 million.

The 1995 Commission changed the wording of the 1993 Commission recommendation from "NAS Lemoore and NAS Fallon" to "other naval air stations, primarily NAS Oceana, Virginia; NAS North Island, California; and NAS Fallon, Nevada." Because of the 1995 Commission recommendation, the Navy placed the project on hold pending a reevaluation of the Navy requirements.

Inspector General, DoD, Report No. 96-191, "Defense Base Realignment and Closure Data for the Relocation of the Carrier Air Wings from Naval Air Station Miramar, California, to Naval Air Station Lemoore, California," July 3, 1996 made no recommendations because the Navy provided information, after issuance of the draft report, that clarified the need for the project. The draft

report was issued on April 26, 1996, and questioned the validity of the project because of the Navy's indecision on a relocation site. In May 1996, the Navy made a determination to relocate the carrier air wings to NAS Lemoore. As a result, the Navy prepared an updated DD Form 1391 in the amount of \$2.6 million and moved the project from FY 1997 to FY 1998.

Discussion

Project P-186T, estimated to cost \$2.6 million, is for construction of a 14,850-square-foot administrative facility that will provide office space for three carrier air wings. These organizations are currently located in office spaces in an aircraft maintenance hangar on NAS Miramar. Documentation and information related to relocation plans showed that construction of the facility was required.

Consideration of Existing Facilities. Vacant administrative facilities are currently available at NAS Lemoore, mainly in unoccupied hangars. However, NAS Lemoore is undergoing expansion and future projects will require use of the hangars by FYs 1998 through 2000. NAS Lemoore will become home for the newer versions of the F/A-18 aircraft. As a result, the administrative functions of the F/A-18 squadrons will relocate to the vacant office spaces inside the hangars. Because of the planned expansion, new construction is required to fulfill the requirements of project P-186T.

Adequacy of Project Requirement Documentation. Project estimates were adequately supported. Supporting documentation included original and current cost data, personnel levels of the three carrier air wings, inventory of existing facilities, and the NAS Lemoore master plan of expansion.

The original cost estimate for project P-186T was \$1.5 million and the current estimate is \$2.6 million. The cost estimate increased because the Navy corrected a mistake in its original DD Form 1391. The Navy understated the estimated cost per square foot for an administrative building, and also incorrectly computed the area of the proposed facility when it converted the size of the facility from square feet to square meters.

The size of the facility was based on a personnel strength of 99 people. In addition, criteria from the Naval Facilities Engineering Command publication P-80 states that the area of space that an administrative facility can occupy is based on 150 square feet per person. As a result, the size of the facility was calculated at 14,850 square feet.

Management Comments

We provided a draft of this report on November 27, 1996. Because this report contains no findings or recommendations, no comments were required, and none were received. Therefore, we are publishing this report in final form.

We appreciate the courtesies extended to the audit staff. For additional information on this report, please contact Mr. Terry L. McKinney, Audit Program Director, at (703) 604-9288 (DSN 664-9288) or Mr. Bruce A. Burton, Audit Project Manager, at (703) 604-9282 (DSN 664-9282). Enclosure 2 lists the planned report distribution. The audit team members are listed inside the back cover.

David Steensma

David K. Steensma
Deputy Assistant Inspector General
for Auditing

Enclosures

Background of Defense Base Realignment and Closure and Scope of the Audit of FY 1997 Defense Base Realignment and Closure Military Construction Costs

Commission on Defense Base Closure and Realignment. On May 3, 1988, the Secretary of Defense chartered the Commission on Defense Base Closure and Realignment (the Commission) to recommend military installations for realignment and closure. Congress passed Public Law 100-526, "Defense Authorization Amendments and Base Closure and Realignment Act," October 24, 1988, which enacted the Commission's recommendations. The law also established the Defense Base Closure Account to fund any necessary facility renovation or MILCON projects associated with BRAC. Public Law 101-510, "Defense Base Closure and Realignment Act of 1990," November 5, 1990, reestablished the Commission. The law also chartered the Commission to meet during calendar years 1991, 1993, and 1995 to verify that the process for realigning and closing military installations was timely and independent. In addition, the law stipulates that realignment and closure actions must be completed within 6 years after the President transmits the recommendations to Congress.

Required Defense Reviews of BRAC Estimates. Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991, states that the Secretary of Defense shall ensure that the authorization amount that DoD requested for each MILCON project associated with BRAC actions does not exceed the original estimated cost provided to the Commission. Public Law 102-190 also states that the Inspector General, DoD, must evaluate significant increases in BRAC MILCON project costs over the estimated costs provided to the Commission and send a report to the congressional Defense committees.

Military Department BRAC Cost-Estimating Process. To develop cost estimates for the Commission, the Military Departments used the Cost of Base Realignment Actions computer model. The Cost of Base Realignment Actions computer model uses standard cost factors to convert the suggested BRAC options into dollar values to provide a way to compare the different options. After the President and Congress approve the BRAC actions, DoD realigning activity officials prepare a DD Form 1391, "FY 1997 Military Construction Project Data," for each individual MILCON project required to accomplish the realigning actions. The Cost of Base Realignment Actions computer model provides cost estimates as a realignment and closure package for a particular realigning or closing base. The DD Form 1391 provides specific cost estimates for an individual BRAC MILCON project.

Limitations and Expansion to Overall Audit Scope. Because the Cost of Base Realignment Actions computer model develops cost estimates as a BRAC package and not for individual BRAC MILCON projects, we were unable to determine the amount of cost increases for each individual BRAC MILCON

Background of Defense Base Realignment and Closure and Scope of the Audit of FY 1997 Defense Base Realignment and Closure Military Construction Costs

project. Additionally, because of prior audit efforts that determined potential problems with all BRAC MILCON projects, our audit objectives included all large BRAC MILCON projects.

Overall Audit Selection Process. We reviewed the FY 1997 BRAC MILCON \$820.8 million budget submitted by the Military Departments and the Defense Logistics Agency. We excluded projects that were previously reviewed by DoD audit organizations. We grouped the remaining BRAC MILCON projects by location and selected groups of projects that totaled at least \$1 million for each group. We also reviewed those FY 1996 BRAC MILCON projects that were not included in the previous FY 1996 budget submission, but were added as part of the FY 1997 BRAC MILCON budget package.

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Audit Team Members

This report was prepared by the Contract Management Directorate, Office of the Assistant Inspector General for Auditing, DoD.

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